



February 16, 2001

## HOUSE BILL No. 1003

DIGEST OF HB 1003 (Updated February 14, 2001 2:26 PM - DI 73)

**Citations Affected:** IC 4-30; IC 4-33; IC 6-1.1; IC 6-3.1; IC 6-3.5; noncode.

**Synopsis:** State and local finance. Establishes the family and children's property tax relief fund. Specifies that the fund will be used to provide a credit in 2003 against property taxes imposed for a county's family and children's fund. Provides that in 2001 and 2002, after amounts are paid from the build Indiana fund lottery and gaming surplus account for motor vehicle excise tax replacement and after deducting \$100,000,000 for amounts that will remain available for state and local capital projects, the remaining amount deposited in the lottery and gaming surplus account during the preceding year is transferred to the family and children's property tax relief fund. Provides that in 2003 a taxpayer is entitled to a credit against the taxpayer's net family and children's (Continued next page)

**Effective:** Upon passage; July 1, 2001; January 1, 2003.

**Bauer**

January 17, 2001, read first time and referred to Committee on Ways and Means.  
February 15, 2001, amended, reported — Do Pass.

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fund property tax liability in an amount equal to the taxpayer's net family and children's fund property tax liability for the year multiplied by a percentage determined for the taxpayer's county for the year by the budget agency, after review by the state budget committee. Establishes a local match account for each county. Provides that a county may transfer any local revenue, other than property tax revenue, to the county's local match account. Provides that in 2003 the amounts in a county's local match account are used to match distributions of state money for the credit against family and children's fund property taxes. Provides that the match must be on a one to one basis. Provides counties with the option of imposing an additional 0.25% percent county adjusted gross income tax (CAGIT) rate or county option income tax (COIT) rate for purposes of funding the county matching portion of the credit against family and children's fund property taxes. Provides that such an additional rate may not be imposed after June 30, 2003. Provides that if such an additional rate is imposed, it applies to individuals and to the apportioned net income of corporate taxpayers. Provides counties with the option of using county adjusted gross income tax and county option income tax revenue for three types of property tax relief: (1) property tax replacement credits; (2) homestead credits; and (3) property tax reductions for low income homeowners. Provides counties with the option of imposing an additional 0.25% percent CAGIT rate or COIT rate for purposes of funding these property tax relief options. Adjusts the maximum combined CAGIT and CEDIT rates and the maximum combined COIT and CEDIT rates to account for the additional CAGIT and COIT rates that may be imposed for property tax relief purposes. Provides that the provisions in the bill lowering the maximum property tax levy increase from 10% to 8% and the minimum property tax levy increase from 5% to 4% apply only to 2002 and 2003. For tax years beginning after 2002, provides a credit against state tax liability for property taxes paid on personal property. Specifies that the credit is equal to the amount of property taxes paid on personal property that has an assessed valuation of not more than \$37,500. Repeals the existing personal property tax reduction credit. Extends the earned income tax credit through 2003. (Under current law, the credit will expire December 31, 2001.) Allows local units to use riverboat revenue for property tax relief.

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February 16, 2001

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## HOUSE BILL No. 1003

A BILL FOR AN ACT to amend the Indiana Code concerning state and local finance and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-30-17-3.5 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3.5. (a) Two (2)  
3 segregated accounts shall be established within the build Indiana fund  
4 as follows:  
5 (1) The state and local capital projects account.  
6 (2) The lottery and gaming surplus account.  
7 (b) Upon receiving surplus lottery revenue distributions from the  
8 state lottery commission and surplus gaming revenue distributions from  
9 the state gaming commission, the treasurer of state shall credit the  
10 surplus lottery revenue and surplus gaming revenue to the lottery and  
11 gaming surplus account. All money remaining in the lottery and  
12 gaming surplus account after the ~~transfer~~ **transfers** required by  
13 subsection (c) **and (d)** shall be transferred to the state and local capital  
14 projects account.  
15 (c) Before the twenty-fifth day of the month, the auditor of state  
16 shall transfer from the lottery and gaming surplus account to the state  
17 general fund motor vehicle excise tax replacement account an amount

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equal to the following:

(1) In calendar year 1996, eleven million six hundred twenty-five thousand dollars (\$11,625,000) per month.

(2) In calendar year 1997, twelve million nine hundred twenty-five thousand twenty dollars (\$12,925,020) per month.

(3) In calendar year 1998, fifteen million ten thousand dollars (\$15,010,000) per month.

(4) In calendar year 1999, seventeen million one hundred ninety-two thousand dollars (\$17,192,000) per month.

(5) In calendar year 2000, nineteen million four hundred thirty-five thousand two hundred ten dollars (\$19,435,210) per month.

(6) In calendar year 2001 and each year thereafter, nineteen million six hundred eighty-four thousand three hundred seventy dollars (\$19,684,370) per month.

**(d) In 2001 and in 2002, the auditor of state shall transfer before the last day of December from the lottery and gaming surplus account to the family and children's property tax relief fund established by IC 6-1.1-20.4 an amount equal to the greater of zero**

**(0) or the amount determined under the following STEPS:**

**STEP ONE: Determine the amount transferred to the lottery and gaming surplus account during the preceding twelve (12) months.**

**STEP TWO: Determine the amount transferred to the state general fund motor vehicle excise tax replacement account under subsection (c) from the lottery and gaming surplus account during the preceding twelve (12) months.**

**STEP THREE: Determine the result of:**

**(1) the STEP ONE amount; minus**

**(2) the STEP TWO amount.**

**STEP FOUR: Determine the result of:**

**(1) the STEP THREE amount; minus**

**(2) one hundred million dollars (\$100,000,000).**

**(e) This subsection applies only if insufficient money is available in the lottery and gaming surplus account of the build Indiana fund to make the distributions to the state general fund motor vehicle excise tax replacement account that are required under subsection (c). Before the twenty-fifth day of each month, the auditor of state shall transfer from the state general fund to the state general fund motor vehicle excise tax replacement account the difference between:**

**(1) the amount that subsection (c) requires the auditor of state to distribute from the lottery and gaming surplus account of the**



1 build Indiana fund to the state general fund motor vehicle excise  
2 tax replacement account; and

3 (2) the amount that is available for distribution from the lottery  
4 and gaming surplus account in the build Indiana fund to the state  
5 general fund motor vehicle excise tax replacement account.

6 The transfers required under this subsection are annually appropriated  
7 from the state general fund.

8 SECTION 2. IC 4-33-12-6 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) The  
10 department shall place in the state general fund the tax revenue  
11 collected under this chapter.

12 (b) Except as provided by subsection (c), the treasurer of state shall  
13 quarterly pay the following amounts:

14 (1) One dollar (\$1) of the admissions tax collected by the licensed  
15 owner for each person embarking on a riverboat during the  
16 quarter shall be paid to:

17 (A) the city in which the riverboat is docked, if the city:

18 (i) is described in IC 4-33-6-1(a)(1) through  
19 IC 4-33-6-1(a)(4) or in IC 4-33-6-1(b); or

20 (ii) is contiguous to the Ohio River and is the largest city in  
21 the county; and

22 (B) the county in which the riverboat is docked, if the  
23 riverboat is not docked in a city described in clause (A).

24 (2) One dollar (\$1) of the admissions tax collected by the licensed  
25 owner for each person embarking on a riverboat during the  
26 quarter shall be paid to the county in which the riverboat is  
27 docked. In the case of a county described in subdivision (1)(B),  
28 this one dollar (\$1) is in addition to the one dollar (\$1) received  
29 under subdivision (1)(B).

30 (3) Ten cents (\$0.10) of the admissions tax collected by the  
31 licensed owner for each person embarking on a riverboat during  
32 the quarter shall be paid to the county convention and visitors  
33 bureau or promotion fund for the county in which the riverboat is  
34 docked.

35 (4) Fifteen cents (\$0.15) of the admissions tax collected by the  
36 licensed owner for each person embarking on a riverboat during  
37 a quarter shall be paid to the state fair commission, for use in any  
38 activity that the commission is authorized to carry out under  
39 IC 15-1.5-3.

40 (5) Ten cents (\$0.10) of the admissions tax collected by the  
41 licensed owner for each person embarking on a riverboat during  
42 the quarter shall be paid to the division of mental health. The

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1 division shall allocate at least twenty-five percent (25%) of the  
 2 funds derived from the admissions tax to the prevention and  
 3 treatment of compulsive gambling.

4 (6) Sixty-five cents (\$0.65) of the admissions tax collected by the  
 5 licensed owner for each person embarking on a riverboat during  
 6 the quarter shall be paid to the Indiana horse racing commission  
 7 to be distributed as follows, in amounts determined by the Indiana  
 8 horse racing commission, for the promotion and operation of  
 9 horse racing in Indiana:

10 (A) To one (1) or more breed development funds established  
 11 by the Indiana horse racing commission under IC 4-31-11-10.

12 (B) To a racetrack that was approved by the Indiana horse  
 13 racing commission under IC 4-31. The commission may make  
 14 a grant under this clause only for purses, promotions, and  
 15 routine operations of the racetrack. No grants shall be made  
 16 for long term capital investment or construction and no grants  
 17 shall be made before the racetrack becomes operational and is  
 18 offering a racing schedule.

19 (c) With respect to tax revenue collected from a riverboat that  
 20 operates on Patoka Lake, the treasurer of state shall quarterly pay the  
 21 following amounts:

22 (1) The counties described in IC 4-33-1-1(3) shall receive one  
 23 dollar (\$1) of the admissions tax collected for each person  
 24 embarking on the riverboat during the quarter. This amount shall  
 25 be divided equally among the counties described in  
 26 IC 4-33-1-1(3).

27 (2) The Patoka Lake development account established under  
 28 IC 4-33-15 shall receive one dollar (\$1) of the admissions tax  
 29 collected for each person embarking on the riverboat during the  
 30 quarter.

31 (3) The resource conservation and development program that:

32 (A) is established under 16 U.S.C. 3451 et seq.; and

33 (B) serves the Patoka Lake area;

34 shall receive forty cents (\$0.40) of the admissions tax collected  
 35 for each person embarking on the riverboat during the quarter.

36 (4) The state general fund shall receive fifty cents (\$0.50) of the  
 37 admissions tax collected for each person embarking on the  
 38 riverboat during the quarter.

39 (5) The division of mental health shall receive ten cents (\$0.10)  
 40 of the admissions tax collected for each person embarking on the  
 41 riverboat during the quarter. The division shall allocate at least  
 42 twenty-five percent (25%) of the funds derived from the

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admissions tax to the prevention and treatment of compulsive gambling.

(d) Money paid to a unit of local government under subsection (b)(1) through (b)(2) or subsection (c)(1):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's **calculated** maximum ~~or actual~~ levy under IC 6-1.1-18.5, **but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year without the money being considered additional revenue in subsequent years;** and

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

(e) Money paid by the treasurer of state under subsection (b)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(f) Money received by the division of mental health under subsections (b)(5) and (c)(5):

(1) is annually appropriated to the division of mental health;

(2) shall be distributed to the division of mental health at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

SECTION 3. IC 4-33-13-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Money paid to a unit of local government under this chapter:

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;



(2) may not be used to reduce the unit's ~~calculated~~ maximum ~~or actual~~ levy under IC 6-1.1-18.5, **but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year without the money being considered additional revenue in subsequent years;** and

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

(b) This chapter does not prohibit the city or county designated as the home dock of the riverboat from entering into agreements with other units of local government in Indiana or in other states to share the city's or county's part of the tax revenue received under this chapter.

SECTION 4. IC 6-1.1-18.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) For purposes of determining a civil taxing unit's maximum permissible ad valorem property tax levy for an ensuing calendar year, the civil taxing unit shall use the assessed value growth quotient determined in the last STEP of the following STEPS:

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the civil taxing unit's total assessed value of all taxable property in the particular calendar year, divided by the civil taxing unit's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Determine the greater of the result computed in STEP THREE or one and five-hundredths (1.05), **for 2001 and for years after 2003, and four-hundredths (1.04), for 2002 and 2003.**

STEP FIVE: Determine the lesser of the result computed in STEP FOUR or one and one-tenth (1.1), **for 2001 and for years after 2003, and eight-hundredths (1.08), for 2002 and 2003.**

(b) If the assessed values of taxable property used in determining a civil taxing unit's property taxes that are first due and payable in a particular calendar year are significantly increased over the assessed values used for the immediately preceding calendar year's property taxes due to the settlement of litigation concerning the general

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reassessment of that civil taxing unit's real property, then for purposes of determining that civil taxing unit's assessed value growth quotient for an ensuing calendar year, the state board of tax commissioners shall replace the quotient described in STEP TWO of subsection (a) for that particular calendar year. The state board of tax commissioners shall replace that quotient with one that as accurately as possible will reflect the actual growth in the civil taxing unit's assessed values of real property from the immediately preceding calendar year to that particular calendar year.

SECTION 5. IC 6-1.1-18.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as otherwise provided in this chapter, a civil taxing unit that is treated as not being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, that was used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of subsection (b) for that preceding calendar year. STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2 of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth), of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

(b) Except as otherwise provided in this chapter **and**

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**IC 6-3.5-1.1-11.5**, a civil taxing unit that is treated as being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, used to reduce the civil taxing unit's ad valorem property tax levy under STEP EIGHT of this subsection for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2 of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO to the amount determined under subsection (c).

STEP SEVEN: Determine the greater of the amount determined under STEP FIVE or the amount determined under STEP SIX.

STEP EIGHT: Subtract the amount determined under STEP FIVE of subsection (e) from the amount determined under STEP SEVEN of this subsection. **For a county that has adopted an ordinance under IC 6-3.5-1.1-11.5, subtract the amount specified as base year certified shares by the civil taxing unit under IC 6-3.5-1.1-11.5(c).**

(c) If a civil taxing unit in the immediately preceding calendar year provided an area outside its boundaries with services on a contractual basis and in the ensuing calendar year that area has been annexed by the civil taxing unit, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals the amount paid by the annexed area during the immediately preceding calendar year for services that the civil taxing unit must

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provide to that area during the ensuing calendar year as a result of the annexation. In all other cases, the amount to be entered under STEP SIX of subsection (a) or STEP SIX of subsection (b), as the case may be, equals zero (0).

**(d) This subsection does not apply to a civil taxing unit located in a county that has adopted an ordinance under IC 6-3.5-1.1-11.5.**

This subsection applies only to civil taxing units located in a county having a county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of January 1 of the ensuing calendar year. For each civil taxing unit, the amount to be added to the amount determined in subsection (e), STEP FOUR, is determined using the following formula:

STEP ONE: Multiply the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year by two percent (2%).

STEP TWO: For the determination year, the amount to be used as the STEP TWO amount is the amount determined in subsection (f) for the civil taxing unit. For each year following the determination year the STEP TWO amount is the lesser of:

(A) the amount determined in STEP ONE; or

(B) the amount determined in subsection (f) for the civil taxing unit.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the civil taxing unit's certified share for the ensuing calendar year minus the greater of:

(i) the civil taxing unit's certified share for the calendar year that immediately precedes the ensuing calendar year; or

(ii) the civil taxing unit's base year certified share.

STEP FOUR: Determine the greater of:

(A) zero (0); or

(B) the amount determined in STEP TWO minus the amount determined in STEP THREE.

Add the amount determined in STEP FOUR to the amount determined in subsection (e), STEP THREE, as provided in subsection (e), STEP FOUR.

**(e) This subsection does not apply to a civil taxing unit located in a county that has adopted an ordinance under IC 6-3.5-1.1-11.5.**

For each civil taxing unit, the amount to be subtracted under subsection (b), STEP EIGHT, is determined using the following formula:

STEP ONE: Determine the lesser of the civil taxing unit's base year certified share for the ensuing calendar year, as determined

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under section 5 of this chapter, or the civil taxing unit's certified share for the ensuing calendar year.

STEP TWO: Determine the greater of:

(A) zero (0); or

(B) the remainder of:

(i) the amount of federal revenue sharing money that was received by the civil taxing unit in 1985; minus

(ii) the amount of federal revenue sharing money that will be received by the civil taxing unit in the year preceding the ensuing calendar year.

STEP THREE: Determine the lesser of:

(A) the amount determined in STEP TWO; or

(B) the amount determined in subsection (f) for the civil taxing unit.

STEP FOUR: Add the amount determined in subsection (d), STEP FOUR, to the amount determined in STEP THREE.

STEP FIVE: Subtract the amount determined in STEP FOUR from the amount determined in STEP ONE.

**(f) This subsection does not apply to a civil taxing unit located in a county that has adopted an ordinance under IC 6-3.5-1.1-11.5.**

As used in this section, a taxing unit's "determination year" means the latest of:

(1) calendar year 1987, if the taxing unit is treated as being located in an adopting county for calendar year 1987 under section 4 of this chapter;

(2) the taxing unit's base year, as defined in section 5 of this chapter, if the taxing unit is treated as not being located in an adopting county for calendar year 1987 under section 4 of this chapter; or

(3) the ensuing calendar year following the first year that the taxing unit is located in a county that has a county adjusted gross income tax rate of more than one-half percent (0.5%) on July 1 of that year.

The amount to be used in subsections (d) and (e) for a taxing unit depends upon the taxing unit's certified share for the ensuing calendar year, the taxing unit's determination year, and the county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of the year preceding the ensuing calendar year. For the determination year and the ensuing calendar years following the taxing unit's determination year, the amount is the taxing unit's certified share for the ensuing calendar year multiplied by the appropriate factor



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1	prescribed in the following table:		
2	COUNTIES WITH A TAX RATE OF 1/2%		
3		Subsection (e)	
4	Year	Factor	
5	For the determination year and each en-		
6	suing calendar year following the deter-		
7	mination year . . . . .	0	
8	COUNTIES WITH A TAX RATE OF 3/4%		
9		Subsection (e)	
10	Year	Factor	
11	For the determination year and each en-		
12	suing calendar year following the deter-		
13	mination year . . . . .	1/2	
14	COUNTIES WITH A TAX RATE OF 1.0%		
15		Subsection (d)	Subsection (e)
16	Year	Factor	Factor
17	For the determination year . . . . .	1/6	1/3
18	For the ensuing calendar		
19	year following the determi-		
20	nation year . . . . .	1/4	1/3
21	For the ensuing calendar		
22	year following the determi-		
23	nation year by two (2) years . . . . .	1/3	1/3
24	SECTION 6. IC 6-1.1-18.5-5 IS AMENDED TO READ AS		
25	FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) As used in		
26	this section, "base year" for a civil taxing unit means the most recent		
27	calendar year:		
28	(1) in which the civil taxing unit is located in an adopting county,		
29	as determined under section 4 of this chapter; and		
30	(2) that is immediately preceded by a calendar year in which the		
31	civil taxing unit either:		
32	(A) was not located in an adopting county, as determined		
33	under section 4 of this chapter; or		
34	(B) did not impose an ad valorem property tax levy.		
35	If the civil taxing unit was located in an adopting county in calendar		
36	year 1979, as determined under section 4 of this chapter, the civil		
37	taxing unit's base year is calendar year 1979 or the year determined		
38	above, whichever is later.		
39	(b) If the county adjusted gross income tax was not in effect on		
40	January 1 of the calendar year immediately preceding the ensuing		
41	calendar year in the county in which a particular civil taxing unit is		
42	located, then the civil taxing unit's base year certified share is the		

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amount of certified shares to be received by the civil taxing unit during its base year.

(c) If the county adjusted gross income tax was in effect on January 1 of the calendar year immediately preceding the ensuing calendar year in the county in which a particular civil taxing unit is located, then the civil taxing unit's base year certified share is the amount of certified shares received by the civil taxing unit in its base year, multiplied by a fraction:

(1) The numerator of the fraction equals the remainder of the county adjusted gross income tax rate of the county in which the civil taxing unit is located and that is imposed on January 1 of the ensuing calendar year minus one quarter of one percent (1/4%).

(2) The denominator of the fraction equals the remainder of the county adjusted gross income tax rate of the county in which the civil taxing unit is located and that is imposed on January 1 of the civil taxing unit's base year minus one quarter of one percent (1/4%).

**(d) For a civil taxing unit located in a county that has adopted an ordinance under IC 6-3.5-1.1-11.5, base year certified shares must be the amount specified by the civil taxing unit in the ordinance adopted under IC 6-3.5-1.1-11.5.**

SECTION 7. IC 6-1.1-20.4 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]:

**Chapter 20.4. Family and Children's Fund Property Tax Relief**

**Sec. 1.** As used in this chapter, "net family and children's fund property tax liability" means the property taxes imposed on a taxpayer under IC 12-19-7 for a county's family and children's fund that are due and payable in 2003, as shown on the property tax statement sent to a taxpayer after all deductions and credits have been applied under any other statute.

**Sec. 2. (a)** The family and children's property tax relief fund is established. The purpose of the fund is to provide property tax relief as specified in this chapter. The fund shall be administered by the budget agency.

**(b)** The fund consists of:

**(1)** Transfers to the fund under IC 4-30-17-3.5.

**(2)** Any appropriations from the general assembly.

**(3)** Any gifts and grants to the fund.

**(c)** The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that



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1 accrues from these investments shall be deposited in the fund.

2 (d) The money in the fund at the end of a state fiscal year does  
3 not revert to the state general fund but remains in the fund to be  
4 used exclusively for the purposes set forth in this chapter.

5 (e) A local match account is established within the family and  
6 children's property tax relief fund for each county. A county may  
7 deposit into the county's local match account any local revenue,  
8 other than revenue from property taxes, for the purposes of  
9 providing the county's share of the credit under this chapter.

10 (f) The credit paid under this chapter to taxpayers in a county  
11 shall consist of:

12 (1) amounts that are transferred to the family and children's  
13 property tax relief fund from the lottery and gaming surplus  
14 account; and

15 (2) a matching amount from local revenue, other than revenue  
16 from property taxes, that is deposited in the county's local  
17 match account.

18 The amount of state money used to pay a credit under this chapter  
19 for a county's taxpayers must be matched on a one (1) to one (1)  
20 basis by amounts deposited by the county in the county's local  
21 match account.

22 Sec. 3. For property taxes first due and payable in 2003, a  
23 taxpayer is entitled to a credit under this chapter against the  
24 taxpayer's net family and children's fund property tax liability.  
25 The amount of the credit is equal to:

26 (1) the taxpayer's net family and children's fund property tax  
27 liability for 2003; multiplied by

28 (2) the percentage determined for the year for the taxpayer's  
29 county by the budget agency under section 4 of this chapter.

30 Sec. 4. (a) The state board of tax commissioners shall provide  
31 the budget agency with an estimate, based on the balance in the  
32 family and children's property tax relief fund and the amount in  
33 each county's local match account, of the percentage that may be  
34 used under section 3(2) of this chapter in providing credits in 2003  
35 to taxpayers under this chapter. The budget agency, after review  
36 by the state budget committee, shall determine the percentage that  
37 shall be used under section 3(2) of this chapter in providing credits  
38 in 2003 to taxpayers under this chapter.

39 (b) The state board of tax commissioners' estimate of the credit  
40 percentage and the budget agency's final determination of the  
41 credit percentage for a particular county must be based on the  
42 balance in the family and children's property tax relief fund and



1 the amounts deposited by the county in its local match account.

2 (c) The state budget committee shall meet before the second  
3 Monday in January of 2003 to review the credit percentage  
4 proposed for the year for each county by the budget agency.

5 (d) The budget agency must report to the governor and the  
6 legislative council the credit percentage determined under this  
7 section for each county not more than seven (7) days after the state  
8 budget committee meets to review the proposed credit percentage.

9 Sec. 5. The county auditor shall compute the net amount of  
10 property taxes in the county that is attributable to property taxes  
11 imposed on a taxpayer under IC 12-19-7 in 2003 for the county's  
12 family and children's fund, after all deductions and credits have  
13 been applied under any other statute.

14 Sec. 6. Before February 1 of 2003, each county auditor shall  
15 certify to the state board of tax commissioners the amount of  
16 credits allowed under this chapter in the county for 2003. Except  
17 as otherwise provided in this chapter, the credits shall be  
18 determined in the same manner as property tax replacement  
19 credits are determined under IC 6-1.1-21, after deducting the  
20 property tax replacement credit under IC 6-1.1-21.

21 Sec. 7. (a) In 2003, the auditor of state shall allocate from the  
22 family and children's property tax relief fund and a county's local  
23 match account an amount equal to the total amount of credits that  
24 are provided under this chapter for the county for that year in the  
25 same manner as the homestead credits are allocated from the  
26 property tax replacement fund under IC 6-1.1-21.

27 (b) The auditor of state shall distribute to each county treasurer,  
28 from the family and children's property tax relief fund and a  
29 county's local match account, the estimated distribution for that  
30 year for the county at the same time and in the same manner as the  
31 homestead credit distributions are made under IC 6-1.1-21. The  
32 money in the family and children's property tax relief fund and the  
33 county local match accounts is appropriated to make the  
34 distributions under this section. The amount of state money  
35 distributed from the family and children's property tax relief fund  
36 to pay a credit under this chapter for a county's taxpayers must be  
37 matched on a one (1) to one (1) basis by amounts deposited by the  
38 county in the county's local match account.

39 (c) All distributions provided under this section shall be made  
40 on warrants issued by the auditor of state drawn on the treasurer  
41 of state.

42 Sec. 8. To the extent it is consistent with this chapter,



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1 **IC 6-1.1-21 applies with respect to the credit under this chapter.**

2 **SECTION 8. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE**  
 3 **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**  
 4 **JANUARY 1, 2003]:**

5 **Chapter 20. Credit for Property Taxes Paid on Personal**  
 6 **Property**

7 **Sec. 1. As used in this chapter, "assessed value" means the**  
 8 **assessed value determined under IC 6-1.1-3.**

9 **Sec. 2. As used in this chapter, "net ad valorem property taxes"**  
 10 **means the amount of property taxes paid by a taxpayer for a**  
 11 **particular calendar year after the application of all property tax**  
 12 **deductions and property tax credits.**

13 **Sec. 3. As used in this chapter, "pass through entity" means:**

- 14 **(1) a corporation that is exempt from the adjusted gross**  
 15 **income tax under IC 6-3-2-2.8(2);**
- 16 **(2) a partnership;**
- 17 **(3) a trust;**
- 18 **(4) a limited liability company; or**
- 19 **(5) a limited liability partnership.**

20 **Sec. 4. As used in this chapter, "personal property" includes**  
 21 **personal property as defined in IC 6-1.1-1-11 and personal**  
 22 **property assessed under IC 6-1.1-7.**

23 **Sec. 5. As used in this chapter, "state tax liability" means a**  
 24 **taxpayer's total tax liability that is incurred under:**

- 25 **(1) IC 6-2.1 (gross income tax);**
- 26 **(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);**
- 27 **(3) IC 6-3-8 (supplemental net income tax);**
- 28 **(4) IC 6-5.5 (financial institutions tax); and**
- 29 **(5) IC 27-1-18-2 (insurance premiums tax);**

30 **as computed after the application of the credits that under**  
 31 **IC 6-3.1-1-2 are to be applied before the credit provided by this**  
 32 **chapter.**

33 **Sec. 6. As used in this chapter, "taxpayer" means an individual**  
 34 **or entity that has state tax liability.**

35 **Sec. 7. (a) A taxpayer is entitled to a credit against the**  
 36 **taxpayer's state tax liability for a taxable year for the net ad**  
 37 **valorem property taxes paid by the taxpayer in the taxable year on**  
 38 **personal property with an assessed value equal to the lesser of:**

- 39 **(1) the assessed value of the person's personal property; or**
- 40 **(2) thirty-seven thousand five hundred dollars (\$37,500).**

41 **A taxpayer is entitled to only one (1) credit under this chapter each**  
 42 **taxable year.**



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(b) An affiliated group that files a consolidated return under IC 6-2.1-5-5 is entitled to only one (1) credit under this chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of partners or participants in the organization.

Sec. 8. If the amount of the credit determined under section 7 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

Sec. 9. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 10. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 9. IC 6-3.1-21-10, AS ADDED BY P.L.273-1999, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. This chapter expires December 31, ~~2001~~ **2003**.

SECTION 10. IC 6-3.5-1.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5 or 3.5 of this chapter **and in subsection (g)**, the county adjusted gross income tax may be imposed



at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County Council imposes the county adjusted gross income tax on the county taxpayers of \_\_\_\_\_ County. The county adjusted gross income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this year."

(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

**(g) In addition to the rates imposed under section 2.5 or 3.5 of this chapter or under subsection (b), a county council may adopt an ordinance to impose one (1) or both of the following additional county adjusted gross income tax rates:**

**(1) An additional rate of not more one-fourth of one percent (0.25%) may be imposed for the purposes of providing property tax relief under section 11.5(b)(1) through 11.5(b)(3)**



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of this chapter.

(2) An additional rate of not more than one-fourth of one percent (0.25%) may be imposed for the purposes of providing local revenue that will be deposited under section 11.5(b)(4) of this chapter in the county's local match account established under IC 6-1.1-20.4. However, a county may not impose a rate under this subdivision after June 30, 2003. A rate imposed under this subdivision before July 1, 2003, is rescinded on July 1, 2003.

An additional rate imposed under this subsection shall be adopted in the manner described in subsection (c).

(h) If a county adopts an additional rate under subsection (g)(2), the additional rate shall apply to the adjusted gross income of county taxpayers and to the apportioned net income of corporations. For purposes of this subsection, "apportioned net income" means net income (as defined in IC 6-3-8-2) multiplied by:

(1) the assessed value of all property of a corporation that is:

(A) taxable under IC 6-1.1; and

(B) located in the county; divided by

(2) the assessed value of all property of the corporation that is:

(A) taxable under IC 6-1.1; and

(B) located in Indiana.

SECTION 11. IC 6-3.5-1.1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for revenue that:

(1) must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter or revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; or

(2) has been dedicated to property tax relief by the county under section 11.5 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 2 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county



adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received. The percentages are set forth in the following table:

COUNTY	PROPERTY TAX	
ADJUSTED GROSS INCOME TAX RATE	REPLACEMENT CREDITS	CERTIFIED SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 12. IC 6-3.5-1.1-11.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 11.5. (a) A county council may adopt an ordinance to use revenue under this chapter for property tax relief. All or a part of the certified distribution to a county under this chapter, minus the amount needed to provide property tax replacement credits for school corporations, may be used for property tax relief under this section. The amount of property tax replacement credits that shall be allocated and distributed to a school corporation within the county is the same property tax replacement credit amount the school corporation would have been allocated if the county council had not adopted an ordinance under this section.**

**(b) The types of property tax relief that may be provided under this section are limited to the following:**

- (1) Providing property tax replacement credits to be distributed as provided in section 11.6 of this chapter.**
- (2) Increasing the percentage credit allowed for homesteads in the county under IC 6-1.1-20.9-2, as provided in section 11.7 of this chapter.**
- (3) Providing a property tax reduction for low income individuals under section 11.8 of this chapter.**
- (4) Depositing revenue under this chapter in the county's local match account established under IC 6-1.1-20.4 to be used for the purpose of matching state distributions for the credit under IC 6-1.1-20.4 against the net family and children's fund**



property tax liability of taxpayers in the county in 2003. This subdivision expires January 1, 2004.

(5) A combination of the types of relief listed in subdivisions (1) through (4).

(c) An ordinance adopted under this section must specify the percentage of the total certified distribution that will be used for each type of relief. The remaining certified distribution shall be considered certified shares for each civil taxing unit. Before a civil taxing unit may receive the certified shares, it must adopt an ordinance specifying the amount that will be treated as base year certified shares under IC 6-1.1-18.5-5.

(d) An ordinance may be adopted under this section after January 1 but before June 1 of a calendar year. The ordinance remains in effect for the period specified in the ordinance or until it is rescinded.

(e) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(f) An ordinance adopted under this section for a county is repealed for a year if, on January 1 of that year, the county adjusted gross income tax is not in effect.

SECTION 13. IC 6-3.5-1.1-11.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11.6. (a) If an ordinance adopted under section 11.5 of this chapter includes property tax replacement credits, these credits shall be allocated and distributed to civil taxing units by taking the amount dedicated to these credits multiplied by a fraction:

(1) the numerator of which equals the sum of the total property taxes being collected by the civil taxing unit during that calendar year; and

(2) the denominator of which equals the sum of the total property taxes being collected by all civil taxing units in the county.

(b) The state board of tax commissioners shall reduce the net property tax levy of each civil taxing unit by the amount of the property tax replacement credits allocated under this section.

SECTION 14. IC 6-3.5-1.1-11.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11.7. If an ordinance adopted under section 11.5 of this chapter includes an increase in the homestead credit percentage, the increase of the homestead credit percentage must be uniform for all homesteads in the county. In



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the ordinance that increases the homestead credit percentage, a county council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

SECTION 15. IC 6-3.5-1.1-11.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 11.8. (a) If an ordinance adopted under section 11.5 of this chapter includes a property tax reduction for low income individuals, the following apply:**

**(1) The reduction applies only to a homestead to which the state homestead credit applies.**

**(2) The combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:**

**(A) the individual who owns the homestead and the individual's spouse; or**

**(B) the individual and all other individuals with whom the individual:**

**(i) shares ownership; or**

**(ii) is purchasing the property under a contract;**

**as joint tenants or tenants in common;**

**for the calendar year preceding the year in which the credit is claimed may not exceed twenty-five thousand dollars (\$25,000).**

**(b) The ordinance must set forth the amount by which property taxes on the homestead shall be reduced, which may be in terms of a percentage of property taxes due, a percentage of combined adjusted gross income, or a fixed amount. However, the maximum property tax reduction under this section may not cause the property taxes due on a homestead for a year to be less than two percent (2%) of the combined adjusted gross income referred to in subsection (a).**

**(c) An individual must claim the property tax reduction in the same manner as the state homestead credit is claimed. An individual who receives a property tax reduction under this section in a particular year and who becomes ineligible in the following year shall notify the auditor of the county in which the homestead is located of the ineligibility before May 10 of the year in which the individual becomes ineligible.**

**(d) The auditor of each county shall, in a particular year, apply the property tax reduction to each individual who received the reduction in the preceding year unless the auditor determines that the individual is no longer eligible for the reduction.**

SECTION 16. IC 6-3.5-1.1-12 IS AMENDED TO READ AS



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1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) **Except as**  
 2 **provided in section 11.5 of this chapter**, the part of a county's  
 3 certified distribution for a calendar year that is to be used as property  
 4 tax replacement credits shall be allocated by the county auditor among  
 5 the civil taxing units and school corporations of the county.

6 (b) Except as provided in section 13 of this chapter, the amount of  
 7 property tax replacement credits that each civil taxing unit and school  
 8 corporation in a county is entitled to receive during a calendar year  
 9 equals the product of:

10 (1) that part of the county's certified distribution that is dedicated  
 11 to providing property tax replacement credits for that same  
 12 calendar year; multiplied by

13 (2) a fraction:

14 (A) The numerator of the fraction equals the sum of the total  
 15 property taxes being collected by the civil taxing unit or school  
 16 corporation during that calendar year, plus with respect to a  
 17 civil taxing unit, the amount of federal revenue sharing funds,  
 18 and certified shares received by it during that calendar year to  
 19 the extent that they are used to reduce its property tax levy  
 20 below the limit imposed by IC 6-1.1-18.5 for that same  
 21 calendar year.

22 (B) The denominator of the fraction equals the sum of the total  
 23 property taxes being collected by all civil taxing units and  
 24 school corporations, plus the amount of federal revenue  
 25 sharing funds and certified shares received by all civil taxing  
 26 units in the county to the extent that they are used to reduce  
 27 the civil taxing units' property tax levies below the limits  
 28 imposed by IC 6-1.1-18.5 for that same calendar year.

29 (c) The state board of tax commissioners shall provide each county  
 30 auditor with the amount of property tax replacement credits that each  
 31 civil taxing unit and school corporation in the auditor's county is  
 32 entitled to receive. The county auditor shall then certify to each civil  
 33 taxing unit and school corporation the amount of property tax  
 34 replacement credits it is entitled to receive (after adjustment made  
 35 under section 13 of this chapter) during that calendar year. The county  
 36 auditor shall also certify these distributions to the county treasurer.

37 SECTION 17. IC 6-3.5-1.1-14 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) **This**  
 39 **section applies to property tax replacement credits provided in**  
 40 **section 11.5 of this chapter**. In determining the amount of property tax  
 41 replacement credits civil taxing units and school corporations of a  
 42 county are entitled to receive during a calendar year, the state board of

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1 tax commissioners shall consider only property taxes imposed on  
2 tangible property that was assessed in that county.

3 (b) If a civil taxing unit or a school corporation is located in more  
4 than one (1) county and receives property tax replacement credits from  
5 one (1) or more of the counties, then the property tax replacement  
6 credits received from each county shall be used only to reduce the  
7 property tax rates that are imposed within the county that distributed  
8 the property tax replacement credits.

9 (c) A civil taxing unit shall treat any property tax replacement  
10 credits that it receives or is to receive during a particular calendar year  
11 as a part of its property tax levy for that same calendar year for  
12 purposes of fixing its budget and for purposes of the property tax levy  
13 limits imposed by IC 6-1.1-18.5.

14 (d) A school corporation shall treat any property tax replacement  
15 credits that the school corporation receives or is to receive during a  
16 particular calendar year as a part of its property tax levy for its general  
17 fund, debt service fund, capital projects fund, transportation fund, and  
18 special education preschool fund in proportion to the levy for each of  
19 these funds for that same calendar year for purposes of fixing its budget  
20 and for purposes of the property tax levy limits imposed by IC 6-1.1-19.  
21 A school corporation shall allocate the property tax replacement credits  
22 described in this subsection to all five (5) funds in proportion to the  
23 levy for each fund.

24 SECTION 18. IC 6-3.5-1.1-15, AS AMENDED BY P.L.273-1999,  
25 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
26 UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed  
27 levy" of a civil taxing unit means the sum of:

28 (1) the ad valorem property tax levy of the civil taxing unit that is  
29 currently being collected at the time the allocation is made; plus

30 (2) the current ad valorem property tax levy of any special taxing  
31 district, authority, board, or other entity formed to discharge  
32 governmental services or functions on behalf of or ordinarily  
33 attributable to the civil taxing unit; plus

34 (3) the amount of federal revenue sharing funds and certified  
35 shares that were used by the civil taxing unit (or any special  
36 taxing district, authority, board, or other entity formed to  
37 discharge governmental services or functions on behalf of or  
38 ordinarily attributable to the civil taxing unit) to reduce its ad  
39 valorem property tax levies below the limits imposed by  
40 IC 6-1.1-18.5; plus

41 (4) in the case of a county, an amount equal to the property taxes  
42 imposed by the county in 1999 for the county's welfare fund and

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welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of ~~his~~ **the auditor's** county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including ~~property tax relief or~~ a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy. **The amount of revenue used for property tax relief under section 11.5 of this chapter shall not be treated as additional revenue.**

SECTION 19. IC 6-3.5-6-9.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9.6. (a) In addition to the rates imposed under section 8 or 9 of this chapter, a county income tax council may adopt an ordinance to impose one (1) or both of the following additional county option income tax rates:**

**(1) An additional rate of not more than one-fourth of one percent (0.25%) may be imposed for the purposes of providing property tax relief under section 13(b)(1) through 13(b)(3) of this chapter.**

**(2) An additional rate of not more than one-fourth of one percent (0.25%) may be imposed for the purposes of providing local revenue that will be deposited under section 13(b)(4) of this chapter in the county's local match account established under IC 6-1.1-20.4. However, a county may not**



1 impose a rate under this subdivision after June 30, 2003. A  
 2 rate imposed under this subdivision before July 1, 2003, is  
 3 rescinded on July 1, 2003.

4 An additional rate imposed under his subsection shall be adopted  
 5 in the manner described in section 8 of this chapter.

6 (b) If a county adopts an additional rate under subsection (a)(2),  
 7 the additional rate shall apply to the adjusted gross income of  
 8 county taxpayers and to the apportioned net income of  
 9 corporations. For purposes of this subsection, "apportioned net  
 10 income" means net income (as defined in IC 6-3-8-2) multiplied by:

11 (1) the assessed value of all property of a corporation that is:

12 (A) taxable under IC 6-1.1; and

13 (B) located in the county; divided by

14 (2) the assessed value of all property of the corporation that  
 15 is:

16 (A) taxable under IC 6-1.1; and

17 (B) located in Indiana.

18 SECTION 20. IC 6-3.5-6-13 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county  
 20 income tax council of a county in which the county option income tax  
 21 is in effect may adopt an ordinance to ~~increase~~ use all or a portion of  
 22 the certified distribution under this chapter for property tax relief.

23 (b) The types of property tax relief that may be provided under  
 24 this section are limited to the following:

25 (1) Providing property tax replacement credits to be  
 26 distributed as provided in section 13.1 of this chapter.

27 (2) Increasing the percentage credit allowed for homesteads in its  
 28 county under IC 6-1.1-20.9-2, as provided in section 13.2 of this  
 29 chapter.

30 (3) Providing a property tax reduction for low income  
 31 individuals under section 13.3 of this chapter.

32 (4) Depositing revenue under this chapter in the county's local  
 33 match account established under IC 6-1.1-20.4 to be used for  
 34 the purpose of matching state distributions for the credit  
 35 under IC 6-1.1-20.4 against the net family and children's fund  
 36 property tax liability of taxpayers in the county in 2003. This  
 37 subdivision expires January 1, 2004.

38 (5) A combination of the types of relief listed in subdivisions  
 39 (1) through (4).

40 (c) The ordinance must specify the percentage of the total  
 41 certified distribution that will be used for each type of relief. The  
 42 remaining certified distribution shall be treated as it would



1 notwithstanding this section.

2 (b) A county income tax council may not increase the percentage  
3 credit allowed for homesteads by an amount that exceeds eight percent  
4 (8%).

5 (c) The increase of the homestead credit percentage must be  
6 uniform for all homesteads in a county.

7 (d) In the ordinance that increases the homestead credit percentage,  
8 a county income tax council may provide for a series of increases or  
9 decreases to take place for each of a group of succeeding calendar  
10 years.

11 (e) (d) An ordinance may be adopted under this section after  
12 January 1 but before June 1 of a calendar year. **The ordinance**  
13 **remains in effect for the period specified in the ordinance or until**  
14 **the ordinance is rescinded.**

15 (f) (e) An ordinance adopted under this section takes effect on  
16 January 1 of the next succeeding calendar year.

17 (g) (f) Any ordinance adopted under this section for a county is  
18 repealed for a year if, on January 1 of that year, the county option  
19 income tax is not in effect.

20 SECTION 21. IC 6-3.5-6-13.1 IS ADDED TO THE INDIANA  
21 CODE AS A NEW SECTION TO READ AS FOLLOWS  
22 [EFFECTIVE UPON PASSAGE]: **Sec. 13.1. (a) If an ordinance**  
23 **adopted under section 13 of this chapter includes property tax**  
24 **replacement credits, these credits shall be allocated and distributed**  
25 **to civil taxing units by taking the amount dedicated to these credits**  
26 **multiplied by a fraction:**

27 (1) the numerator of which equals the sum of the total  
28 property taxes being collected by the civil taxing unit during  
29 that calendar year; and

30 (2) the denominator of which equals the sum of the total  
31 property taxes being collected by all civil taxing units.

32 (b) The state board of tax commissioners shall reduce the net  
33 property tax levy of each civil taxing unit by the amount of the  
34 property tax replacement credits allocated under this section.

35 SECTION 22. IC 6-3.5-6-13.2 IS ADDED TO THE INDIANA  
36 CODE AS A NEW SECTION TO READ AS FOLLOWS  
37 [EFFECTIVE UPON PASSAGE]: **Sec. 13.2. If an ordinance adopted**  
38 **under section 13 of this chapter includes an increase in the**  
39 **homestead credit percentage, the increase of the homestead credit**  
40 **percentage must be uniform for all homesteads in a county. In an**  
41 **ordinance that increases the homestead credit percentage, a county**  
42 **council may provide for a series of increases or decreases to take**

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place for each of a group of succeeding calendar years.

SECTION 23. IC 6-3.5-6-13.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13.3. (a) If an ordinance adopted under section 13 of this chapter includes a property tax reduction for low income individuals, the following apply:**

(1) The reduction applies only to a homestead to which the state homestead credit applies.

(2) The combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual who owns the homestead and the individual's spouse; or

(B) the individual and all other individuals with whom the individual:

(i) shares ownership; or

(ii) is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the reduction is claimed may not exceed twenty-five thousand dollars (\$25,000).

(b) The ordinance must set forth the amount by which property taxes on the homestead shall be reduced, which may be in terms of a percentage of property taxes due, a percentage of combined adjusted gross income, or a fixed amount. However, the maximum property tax reduction under this section may not cause the property taxes due on a homestead for a year to be less than two percent (2%) of the combined adjusted gross income referred to in subsection (a).

(c) An individual must claim the property tax reduction in the same manner as the state homestead credit is claimed. An individual who receives a property tax reduction under this section in a particular year and who becomes ineligible in the following year shall notify the auditor of the county in which the homestead is located of the ineligibility before May 10 of the year in which the individual becomes ineligible.

(d) The auditor of each county shall, in a particular year, apply the property tax reduction to each individual who received the reduction in the preceding year, unless the auditor determines that the individual is no longer eligible for the reduction.

SECTION 24. IC 6-3.5-6-18, AS AMENDED BY P.L.273-1999, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 18. (a) The revenue a county auditor receives**

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under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to ~~the allowance of an increased homestead credit providing~~ **property tax relief** within the county **under section 13 of this chapter**;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection ~~(f)~~; **(i)**; and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to ~~the increase of the homestead credit providing property tax relief~~ within the county **under section 13 of this chapter**. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of ~~an increased homestead credit~~. **the property tax relief.**

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection ~~(f)~~; **(i)**, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the



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1 county in 1999 for the county's welfare fund and welfare  
 2 administration fund. The denominator of the fraction equals the  
 3 sum of the total property taxes that are first due and payable to all  
 4 civil taxing units of the county during the calendar year in which  
 5 the month falls, plus an amount equal to the property taxes  
 6 imposed by the county in 1999 for the county's welfare fund and  
 7 welfare administration fund.

8 (f) The state board of tax commissioners shall provide each county  
 9 auditor with the fractional amount of distributive shares that each civil  
 10 taxing unit in the auditor's county is entitled to receive monthly under  
 11 this section.

12 (g) Notwithstanding subsection (e), if a civil taxing unit of an  
 13 adopting county does not impose a property tax levy that is first due  
 14 and payable in a calendar year in which distributive shares are being  
 15 distributed under this section, that civil taxing unit is entitled to receive  
 16 a part of the revenue to be distributed as distributive shares under this  
 17 section within the county. The fractional amount such a civil taxing  
 18 unit is entitled to receive each month during that calendar year equals  
 19 the product of the following:

- 20 (1) The amount to be distributed as distributive shares during that  
 21 month; multiplied by
- 22 (2) A fraction. The numerator of the fraction equals the budget of  
 23 that civil taxing unit for that calendar year. The denominator of  
 24 the fraction equals the aggregate budgets of all civil taxing units  
 25 of that county for that calendar year.

26 (h) If for a calendar year a civil taxing unit is allocated a part of a  
 27 county's distributive shares by subsection (g), then the formula used in  
 28 subsection (e) to determine all other civil taxing units' distributive  
 29 shares shall be changed each month for that same year by reducing the  
 30 amount to be distributed as distributive shares under subsection (e) by  
 31 the amount of distributive shares allocated under subsection (g) for that  
 32 same month. The state board of tax commissioners shall make any  
 33 adjustments required by this subsection and provide them to the  
 34 appropriate county auditors.

35 (i) Notwithstanding any other law, a county fiscal body may  
 36 pledge revenues received under this chapter to the payment of bonds  
 37 or lease rentals to finance a qualified economic development tax  
 38 project under IC 36-7-27 in that county or in any other county if the  
 39 county fiscal body determines that the project will promote significant  
 40 opportunities for the gainful employment or retention of employment  
 41 of the county's residents.

42 SECTION 25. IC 6-3.5-6-19, AS AMENDED BY P.L.273-1999,



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SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. (a) Except as provided in sections 13, 17.6(d), 18(e), and 18.5(b)(3) of this chapter, in determining the fractional share of distributive shares the civil taxing units of a county are entitled to receive under section 18 of this chapter during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property subject to assessment in that county.

(b) In determining the amount of distributive shares a civil taxing unit is entitled to receive under section 18(g) of this chapter, the state board of tax commissioners shall consider only the percentage of the civil taxing unit's budget that equals the ratio that the total assessed valuation that lies within the civil taxing unit and the county that has adopted the county option tax bears to the total assessed valuation that lies within the civil taxing unit.

(c) The distributive shares to be allocated and distributed under this chapter shall be treated by each civil taxing unit as additional revenue for the purpose of fixing its budget for the budget year during which the distributive shares is to be distributed to the civil taxing unit.

(d) In the case of a civil taxing unit that includes a consolidated city its fiscal body may distribute any revenue it receives under this chapter to any governmental entity located in its county except an excluded city, a township, or a school corporation.

SECTION 26. IC 6-3.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c) and (g), the county economic development income tax may be imposed at a rate of:

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- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), ~~or~~ (i), **or (k)**, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in ~~subsection~~ **subsections (g) and (j)**, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic development income tax on the county taxpayers of \_\_\_\_\_ County. The county economic development income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred twenty-nine thousand (129,000) but less than one hundred thirty thousand six hundred (130,600). In addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

- (A) fifteen-hundredths percent (0.15%);
- (B) two-tenths percent (0.2%); or
- (C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

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1 if the county income tax council makes a determination to impose rates  
2 under this subsection and section 22 of this chapter.

3 (h) For a county having a population of more than thirty-seven  
4 thousand (37,000) but less than thirty-seven thousand eight hundred  
5 (37,800), the county economic development income tax rate plus the  
6 county adjusted gross income tax rate that are in effect on January 1 of  
7 a year may not exceed one and thirty-five hundredths percent (1.35%)  
8 if the county has imposed the county adjusted gross income tax at a rate  
9 of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

10 (i) For a county having a population of more than twelve thousand  
11 six hundred (12,600) but less than thirteen thousand (13,000), the  
12 county economic development income tax rate plus the county adjusted  
13 gross income tax rate that are in effect on January 1 of a year may not  
14 exceed one and fifty-five hundredths percent (1.55%).

15 (j) For a county that has adopted an ordinance under  
16 IC 6-3.5-6-13, the county economic development income tax rate  
17 plus the county option income tax rate that are in effect on January  
18 1 of a year may not exceed one percent (1%) plus:

19 (1) the additional rate that is imposed under  
20 IC 6-3.5-6-9.6(a)(1) for property tax relief purposes; plus

21 (2) the additional rate that is imposed under  
22 IC 6-3.5-6-9.6(a)(2) for property tax relief purposes.

23 (k) For a county that has adopted an ordinance under  
24 IC 6-3.5-1-11.5, the county economic development income tax rate  
25 plus the county adjusted gross income tax rate that are in effect on  
26 January 1 of a year may not exceed the sum of:

27 (1) one and twenty-five hundredths percent (1.25%) in the  
28 case of a county not described in subsection (h) or (i), one and  
29 thirty-five hundredths percent (1.35%) in the case of a county  
30 described in subsection (h), or one and fifty-five hundredths  
31 percent in the case of a county described in subsection (i); plus

32 (2) the additional rate that is imposed under  
33 IC 6-3.5-1.1-2(g)(1) for property tax relief purposes; plus

34 (3) the additional rate that is imposed under  
35 IC 6-3.5-1.1-2(g)(2) for property tax relief purposes.

36 SECTION 27. IC 6-1.1-20.5 IS REPEALED [EFFECTIVE  
37 JANUARY 1, 2003].

38 SECTION 28. [EFFECTIVE JULY 1, 2001] The credits provided  
39 under IC 6-1.1-20.4, as added by this act, apply only to property  
40 taxes first due and payable in 2003.

41 SECTION 29. [EFFECTIVE JANUARY 1, 2003] IC 6-3.1-20, as  
42 added by this act, applies only to taxable years that begin after

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1     **December 31, 2002.**  
2     SECTION 30. [EFFECTIVE UPON PASSAGE] (a)  
3     **Notwithstanding IC 6-3.5-1.1, a county council may adopt an**  
4     **ordinance to impose an additional rate or additional rates under**  
5     **IC 6-3.5-1.1-2(g), as added by this act, after April 1 of a year.**  
6     **(b) This SECTION expires December 31, 2001.**  
7     SECTION 31. [EFFECTIVE UPON PASSAGE] (a)  
8     **Notwithstanding IC 6-3.5-6, a county council may adopt an**  
9     **ordinance to impose an additional rate or additional rates under**  
10    **IC 6-3.5-6-9.6, as added by this act, after April 1 of a year.**  
11    **(b) This SECTION expires December 31, 2001.**  
12    SECTION 32. An emergency is declared for this act.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1003, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-30-17-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3.5. (a) Two (2) segregated accounts shall be established within the build Indiana fund as follows:

- (1) The state and local capital projects account.
- (2) The lottery and gaming surplus account.

(b) Upon receiving surplus lottery revenue distributions from the state lottery commission and surplus gaming revenue distributions from the state gaming commission, the treasurer of state shall credit the surplus lottery revenue and surplus gaming revenue to the lottery and gaming surplus account. All money remaining in the lottery and gaming surplus account after the ~~transfer~~ **transfers** required by subsection (c) **and (d)** shall be transferred to the state and local capital projects account.

(c) Before the twenty-fifth day of the month, the auditor of state shall transfer from the lottery and gaming surplus account to the state general fund motor vehicle excise tax replacement account an amount equal to the following:

- (1) In calendar year 1996, eleven million six hundred twenty-five thousand dollars (\$11,625,000) per month.
- (2) In calendar year 1997, twelve million nine hundred twenty-five thousand twenty dollars (\$12,925,020) per month.
- (3) In calendar year 1998, fifteen million ten thousand dollars (\$15,010,000) per month.
- (4) In calendar year 1999, seventeen million one hundred ninety-two thousand dollars (\$17,192,000) per month.
- (5) In calendar year 2000, nineteen million four hundred thirty-five thousand two hundred ten dollars (\$19,435,210) per month.
- (6) In calendar year 2001 and each year thereafter, nineteen million six hundred eighty-four thousand three hundred seventy dollars (\$19,684,370) per month.

**(d) In 2001 and in 2002, the auditor of state shall transfer before the last day of December from the lottery and gaming surplus account to the family and children's property tax relief fund**

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established by IC 6-1.1-20.4 an amount equal to the greater of zero (0) or the amount determined under the following STEPS:

**STEP ONE: Determine the amount transferred to the lottery and gaming surplus account during the preceding twelve (12) months.**

**STEP TWO: Determine the amount transferred to the state general fund motor vehicle excise tax replacement account under subsection (c) from the lottery and gaming surplus account during the preceding twelve (12) months.**

**STEP THREE: Determine the result of:**

- (1) the STEP ONE amount; minus
- (2) the STEP TWO amount.

**STEP FOUR: Determine the result of:**

- (1) the STEP THREE amount; minus
- (2) one hundred million dollars (\$100,000,000).

(e) This subsection applies only if insufficient money is available in the lottery and gaming surplus account of the build Indiana fund to make the distributions to the state general fund motor vehicle excise tax replacement account that are required under subsection (c). Before the twenty-fifth day of each month, the auditor of state shall transfer from the state general fund to the state general fund motor vehicle excise tax replacement account the difference between:

- (1) the amount that subsection (c) requires the auditor of state to distribute from the lottery and gaming surplus account of the build Indiana fund to the state general fund motor vehicle excise tax replacement account; and
- (2) the amount that is available for distribution from the lottery and gaming surplus account in the build Indiana fund to the state general fund motor vehicle excise tax replacement account.

The transfers required under this subsection are annually appropriated from the state general fund."

Page 4, delete lines 31 through 42.

Page 5, delete lines 1 through 32.

Page 6, line 10, reset in roman "five-hundredths (1.05)".

Page 6, line 10, after "(1.05)" delete "." and insert ", **for 2001 and for years after 2003, and**".

Page 6, line 11, after "(1.04)" delete "." and insert ", **for 2002 and 2003.**".

Page 6, line 13, reset in roman "one-tenth (1.1)".

Page 6, line 13, after "(1.1)" delete "." and insert ", **for 2001 and for years after 2003, and**".

Page 6, line 13, after "(1.08)" delete "." and insert ", **for 2002 and**".



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**2003."**

Page 11, delete lines 40 through 42, begin a new paragraph and insert:

"SECTION 7. IC 6-1.1-20.4 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]:

**Chapter 20.4. Family and Children's Fund Property Tax Relief**

**Sec. 1.** As used in this chapter, "net family and children's fund property tax liability" means the property taxes imposed on a taxpayer under IC 12-19-7 for a county's family and children's fund that are due and payable in 2003, as shown on the property tax statement sent to a taxpayer after all deductions and credits have been applied under any other statute.

**Sec. 2. (a)** The family and children's property tax relief fund is established. The purpose of the fund is to provide property tax relief as specified in this chapter. The fund shall be administered by the budget agency.

**(b)** The fund consists of:

- (1)** Transfers to the fund under IC 4-30-17-3.5.
- (2)** Any appropriations from the general assembly.
- (3)** Any gifts and grants to the fund.

**(c)** The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

**(d)** The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes set forth in this chapter.

**(e)** A local match account is established within the family and children's property tax relief fund for each county. A county may deposit into the county's local match account any local revenue, other than revenue from property taxes, for the purposes of providing the county's share of the credit under this chapter.

**(f)** The credit paid under this chapter to taxpayers in a county shall consist of:

- (1)** amounts that are transferred to the family and children's property tax relief fund from the lottery and gaming surplus account; and
- (2)** a matching amount from local revenue, other than revenue from property taxes, that is deposited in the county's local match account.

The amount of state money used to pay a credit under this chapter

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for a county's taxpayers must be matched on a one (1) to one (1) basis by amounts deposited by the county in the county's local match account.

**Sec. 3.** For property taxes first due and payable in 2003, a taxpayer is entitled to a credit under this chapter against the taxpayer's net family and children's fund property tax liability. The amount of the credit is equal to:

- (1) the taxpayer's net family and children's fund property tax liability for 2003; multiplied by
- (2) the percentage determined for the year for the taxpayer's county by the budget agency under section 4 of this chapter.

**Sec. 4. (a)** The state board of tax commissioners shall provide the budget agency with an estimate, based on the balance in the family and children's property tax relief fund and the amount in each county's local match account, of the percentage that may be used under section 3(2) of this chapter in providing credits in 2003 to taxpayers under this chapter. The budget agency, after review by the state budget committee, shall determine the percentage that shall be used under section 3(2) of this chapter in providing credits in 2003 to taxpayers under this chapter.

(b) The state board of tax commissioners' estimate of the credit percentage and the budget agency's final determination of the credit percentage for a particular county must be based on the balance in the family and children's property tax relief fund and the amounts deposited by the county in its local match account.

(c) The state budget committee shall meet before the second Monday in January of 2003 to review the credit percentage proposed for the year for each county by the budget agency.

(d) The budget agency must report to the governor and the legislative council the credit percentage determined under this section for each county not more than seven (7) days after the state budget committee meets to review the proposed credit percentage.

**Sec. 5.** The county auditor shall compute the net amount of property taxes in the county that is attributable to property taxes imposed on a taxpayer under IC 12-19-7 in 2003 for the county's family and children's fund, after all deductions and credits have been applied under any other statute.

**Sec. 6.** Before February 1 of 2003, each county auditor shall certify to the state board of tax commissioners the amount of credits allowed under this chapter in the county for 2003. Except as otherwise provided in this chapter, the credits shall be determined in the same manner as property tax replacement

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credits are determined under IC 6-1.1-21, after deducting the property tax replacement credit under IC 6-1.1-21.

**Sec. 7. (a)** In 2003, the auditor of state shall allocate from the family and children's property tax relief fund and a county's local match account an amount equal to the total amount of credits that are provided under this chapter for the county for that year in the same manner as the homestead credits are allocated from the property tax replacement fund under IC 6-1.1-21.

**(b)** The auditor of state shall distribute to each county treasurer, from the family and children's property tax relief fund and a county's local match account, the estimated distribution for that year for the county at the same time and in the same manner as the homestead credit distributions are made under IC 6-1.1-21. The money in the family and children's property tax relief fund and the county local match accounts is appropriated to make the distributions under this section. The amount of state money distributed from the family and children's property tax relief fund to pay a credit under this chapter for a county's taxpayers must be matched on a one (1) to one (1) basis by amounts deposited by the county in the county's local match account.

**(c)** All distributions provided under this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state.

**Sec. 8.** To the extent it is consistent with this chapter, IC 6-1.1-21 applies with respect to the credit under this chapter.

SECTION 8. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

**Chapter 20. Credit for Property Taxes Paid on Personal Property**

**Sec. 1.** As used in this chapter, "assessed value" means the assessed value determined under IC 6-1.1-3.

**Sec. 2.** As used in this chapter, "net ad valorem property taxes" means the amount of property taxes paid by a taxpayer for a particular calendar year after the application of all property tax deductions and property tax credits.

**Sec. 3.** As used in this chapter, "pass through entity" means:

- (1) a corporation that is exempt from the adjusted gross income tax under IC6-3-2-2.8(2);
- (2) a partnership;
- (3) a trust;
- (4) a limited liability company; or



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(5) a limited liability partnership.

Sec. 4. As used in this chapter, "personal property" includes personal property as defined in IC 6-1.1-1-11 and personal property assessed under IC 6-1.1-7.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- (3) IC 6-3-8 (supplemental net income tax);
- (4) IC 6-5.5 (financial institutions tax); and
- (5) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 7. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes paid by the taxpayer in the taxable year on personal property with an assessed value equal to the lesser of:

- (1) the assessed value of the person's personal property; or
- (2) thirty-seven thousand five hundred dollars (\$37,500).

A taxpayer is entitled to only one (1) credit under this chapter each taxable year.

(b) An affiliated group that files a consolidated return under IC 6-2.1-5-5 is entitled to only one (1) credit under this chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of partners or participants in the organization.

Sec. 8. If the amount of the credit determined under section 7 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

Sec. 9. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

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- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

**Sec. 10. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.**

SECTION 9. IC 6-3.1-21-10, AS ADDED BY P.L.273-1999, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. This chapter expires December 31, ~~2001~~ **2003**.

SECTION 10. IC 6-3.5-1.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5 or 3.5 of this chapter **and in subsection (g)**, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County Council imposes the county adjusted gross income tax on the county taxpayers of \_\_\_\_\_ County. The county adjusted gross income tax is imposed at a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this

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year."

(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

**(g) In addition to the rates imposed under section 2.5 or 3.5 of this chapter or under subsection (b), a county council may adopt an ordinance to impose one (1) or both of the following additional county adjusted gross income tax rates:**

**(1) An additional rate of not more one-fourth of one percent (0.25%) may be imposed for the purposes of providing property tax relief under section 11.5(b)(1) through 11.5(b)(3) of this chapter.**

**(2) An additional rate of not more than one-fourth of one percent (0.25%) may be imposed for the purposes of providing local revenue that will be deposited under section 11.5(b)(4) of this chapter in the county's local match account established under IC 6-1.1-20.4. However, a county may not impose a rate under this subdivision after June 30, 2003. A rate imposed under this subdivision before July 1, 2003, is rescinded on July 1, 2003.**

**An additional rate imposed under this subsection shall be adopted in the manner described in subsection (c).**

**(h) If a county adopts an additional rate under subsection (g)(2), the additional rate shall apply to the adjusted gross income of county taxpayers and to the apportioned net income of corporations. For purposes of this subsection, "apportioned net income" means net income (as defined in IC 6-3-8-2) multiplied by:**

**(1) the assessed value of all property of a corporation that is:**  
**(A) taxable under IC 6-1.1; and**



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(B) located in the county; divided by  
(2) the assessed value of all property of the corporation that  
is:

(A) taxable under IC 6-1.1; and  
(B) located in Indiana."

Delete pages 12 through 15.

Page 16, delete lines 1 through 8.

Page 17, between lines 23 and 24, begin a new line block indented  
and insert:

**"(4) Depositing revenue under this chapter in the county's  
local match account established under IC 6-1.1-20.4 to be used  
for the purpose of matching state distributions for the credit  
under IC 6-1.1-20.4 against the net family and children's fund  
property tax liability of taxpayers in the county in 2003. This  
subdivision expires January 1, 2004."**

Page 17, line 24, delete "(4)" and insert "(5)".

Page 17, line 25, delete "(3)" and insert "(4)".

Page 21, line 22, delete "; plus" and insert ".".

Page 21, delete lines 23 through 25.

Page 22, between lines 9 and 10, begin a new paragraph and insert:

**"SECTION 20. IC 6-3.5-6-9.6 IS ADDED TO THE INDIANA  
CODE AS A NEW SECTION TO READ AS FOLLOWS  
[EFFECTIVE UPON PASSAGE]: Sec. 9.6. (a) In addition to the  
rates imposed under section 8 or 9 of this chapter, a county income  
tax council may adopt an ordinance to impose one (1) or both of  
the following additional county option income tax rates:**

**(1) An additional rate of not more than one-fourth of one  
percent (0.25%) may be imposed for the purposes of  
providing property tax relief under section 13(b)(1) through  
13(b)(3) of this chapter.**

**(2) An additional rate of not more than one-fourth of one  
percent (0.25%) may be imposed for the purposes of  
providing local revenue that will be deposited under section  
13(b)(4) of this chapter in the county's local match account  
established under IC 6-1.1-20.4. However, a county may not  
impose a rate under this subdivision after June 30, 2003. A  
rate imposed under this subdivision before July 1, 2003, is  
rescinded on July 1, 2003.**

**An additional rate imposed under this subsection shall be adopted  
in the manner described in section 8 of this chapter.**

**(b) If a county adopts an additional rate under subsection (a)(2),  
the additional rate shall apply to the adjusted gross income of**

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county taxpayers and to the apportioned net income of corporations. For purposes of this subsection, "apportioned net income" means net income (as defined in IC 6-3-8-2) multiplied by:

(1) the assessed value of all property of a corporation that is:

(A) taxable under IC 6-1.1; and

(B) located in the county; divided by

(2) the assessed value of all property of the corporation that is:

(A) taxable under IC 6-1.1; and

(B) located in Indiana."

Page 22, between lines 23 and 24, begin a new line block indented and insert:

**"(4) Depositing revenue under this chapter in the county's local match account established under IC 6-1.1-20.4 to be used for the purpose of matching state distributions for the credit under IC 6-1.1-20.4 against the net family and children's fund property tax liability of taxpayers in the county in 2003. This subdivision expires January 1, 2004."**

Page 22, line 24, delete "(4)" and insert "(5)".

Page 22, line 25, delete "(3)" and insert "(4)".

Page 24, delete lines 26 through 42.

Page 25, delete lines 1 through 22.

Page 26, line 27, delete "and, after December 31, 2002, an amount" and insert ".".

Page 26, delete line 28.

Page 26, line 29, delete "the county family and children's fund."

Page 26, line 34, delete "and, after" and insert ".".

Page 26, delete lines 35 through 37.

Page 27, delete lines 30 through 42.

Delete pages 28 through 29.

Page 30, delete lines 1 through 7.

Page 31, line 18, after "(h)" insert ",".

Page 31, line 18, strike "or".

Page 31, line 18, after "(i)," insert "**or (k),**".

Page 32, line 25, delete "adjusted gross" and insert "**option**".

Page 32, line 26, delete "the" and insert ":".

Page 32, delete lines 27 through 42, begin a new line block indented and insert:

**"(1) the additional rate that is imposed under IC 6-3.5-6-9.6(a)(1) for property tax relief purposes; plus**

**(2) the additional rate that is imposed under IC 6-3.5-6-9.6(a)(2) for property tax relief purposes.**



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(k) For a county that has adopted an ordinance under IC 6-3.5-1-11.5, the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed the sum of:

- (1) one and twenty-five hundredths percent (1.25%) in the case of a county not described in subsection (h) or (i), one and thirty-five hundredths percent (1.35%) in the case of a county described in subsection (h), or one and fifty-five hundredths percent in the case of a county described in subsection (i); plus
- (2) the additional rate that is imposed under IC 6-3.5-1.1-2(g)(1) for property tax relief purposes; plus
- (3) the additional rate that is imposed under IC 6-3.5-1.1-2(g)(2) for property tax relief purposes.

SECTION 27. IC 6-1.1-20.5 IS REPEALED [EFFECTIVE JANUARY 1, 2003].

SECTION 28. [EFFECTIVE JULY 1, 2001] The credits provided under IC 6-1.1-20.4, as added by this act, apply only to property taxes first due and payable in 2003.

SECTION 29. [EFFECTIVE JANUARY 1, 2003] IC 6-3.1-20, as added by this act, applies only to taxable years that begin after December 31, 2002.

SECTION 30. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-1.1, a county council may adopt an ordinance to impose an additional rate or additional rates under IC 6-3.5-1.1-2(g), as added by this act, after April 1 of a year.

(b) This SECTION expires December 31, 2001.

SECTION 31. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-6, a county council may adopt an ordinance to impose an additional rate or additional rates under IC 6-3.5-6-9.6, as added by this act, after April 1 of a year.

(b) This SECTION expires December 31, 2001."

Delete pages 33 through 58.

Page 59, delete lines 1 through 13.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1003 as introduced.)

BAUER, Chair

Committee Vote: yeas 19, nays 3.

HB 1003—LS 7992/DI 73+



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